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Exhibit 39  
H.W. Pettigrew



INDUSTRIES COMMITTEE

Sydney City Council







Mr. Justice Rand, the New Industries Committee of the Sydney City Council begs leave to submit the following brief to the Royal Commission inquiring into the Coal Industry.

Although Sydney is generally regarded as a steel centre, nevertheless it has a very close community and business relationship with the surrounding coal centres which combine with it to make up the industrial area of Cape Breton. The contribution which the coal industry makes directly to the economy of the City of Sydney is very real, due to the fact that it supplies some of the raw materials for the operation of our basic steel industry. This industry is not only a big factor in the economy of the City of Sydney, but of the Province of Nova Scotia as well. The close proximity of Cape Breton coal fields to Sydney Harbor was a very strong economic factor in the choosing of the site for this plant, and no doubt will continue to be a strong factor in its maintaining its important place among steel-producing plants in Canada.

Not only is there a close association in the steel manufacturing business, but also in the generation of power. The Seaboard Power Corporation Limited which supplies the power to industrial Cape Breton is a large user of this coal. A steady supply of power at a reasonable cost is necessary to continued successful operations of any community and maintenance of the coal industry at a high volume of production is vital if this power company is to be able to purchase its energy-producing raw materials at a reasonable cost.

As a municipal body, the City of Sydney is vitally concerned that the economy of the other municipalities be maintained at a constant level in order that these units may be able to meet their commitments in maintaining joint services to which the City of Sydney is a contributor. The economic conditions in any municipal unit have a great bearing on their ability to pay their obligations and for that reason we are also anxious that the coal industry be maintained at a high level of production.

Although the prime producing section of the coal industry is located in the towns surrounding Sydney, nevertheless Sydney is also connected with the coal industry in a very direct way through the coal shipping facilities it offers, not only by water but by rail as well. The Dominion Coal Company Limited maintains shipping piers on Sydney Harbor in conjunction with the Steel Plant and these docks provide employment for a considerable number of people in the Sydney area. In addition to the employment offered by the shipping facilities themselves, there is considerable auxiliary employment offered and commerce generated by the ships themselves in the way of supply, repairs and other services. Thus, the volume of shipping which is required by the coal industry on Sydney Harbour is a small industry in itself and any suggestion that this industry would be curtailed would be viewed very seriously by citizens of this community.





Due to the geographical location of the mining areas in relation to the main line which terminates in Sydney, considerable rail traffic in coal is carried through our City on both the Canadian National Railways and Sydney and Louisbourg Railway Lines. This traffic is made up of large shipments to the Sydney Steel Plant, to markets in other parts of Canada and, as well, shipments of coal which are sent to the processing facilities in Sydney Mines for re-distribution in the Cape Breton Industrial Area. These rail shipments of course, result in considerable employment for the Sydney area; not only for the operating crews themselves, but also in the maintenance and repair of the equipment used. For this reason also, the City of Sydney is vitally concerned with the maintenance of the volume of coal shipments at a very high level.

Sydney as well as being located in the centre of the industrial area, is the capital of Cape Breton County and consequently the centre of commerce for the industrial area. Any economic recession in any part of this community will naturally be of vital concern to the City. We would be willing to cooperate in any way possible to promote any course of action which will ensure that the coal-mining industry is not disrupted, due to temporary marketing conditions.

We also feel that the coal industry has a very vital role in the whole economic structure of the Province of Nova Scotia and the level of income which has been maintained in this area over the years has been a very real contributing factor to the stabilization of the financial condition of the Province as a whole. The Cape Breton market is the second largest in the four Atlantic Provinces having over 60% more population than the whole province of Prince Edward Island; also, over the years it has had a high income rate compared to other sections of the Atlantic Provinces and Canada as a whole. One thing resulting from this, is the very heavy concentration of motor vehicles in the area, which has been a very great source of revenue for the Provincial Government in the form of gasoline taxes. This, from an area in which percentagewise, the Province maintains a comparatively small proportion of the road-mileage over which these vehicles operate for the major portion of the time.

I am sure Mr. Chairman, that the main facets of the coal industry have been presented to you in detail through the many briefs which have been submitted to you during the hearings of this Commission. We do not wish to labour the various technical aspects of the industry nor its marketing and production positions. We feel that this has been adequately covered by the operators and others concerned directly with the industry. However, we do wish to point out the importance of the industry to the area,



use to the geographical location of the railway zone in relation to the main line which terminates in Sydney, considerable traffic in coal is carried through our City on both the Australian National Railway and Sydney and Newcastle Railway lines. This traffic is made up of large shipments to the power plant, to various in other parts of Canada and, as well, shipments of coal which are sent to the processing facilities in Sydney since for re-distribution in the Cape Breton industrial zone. These well equipped of course, result in considerable employment for the Sydney area, not only for the operation of the plant, but also in the maintenance and repair of the equipment used. For this reason alone, the City of Sydney is vitally concerned with the maintenance of the water of coal shipments at a very high level.

Sydney as well as being located in the centre of the industrial zone, is the capital of Cape Breton County and consequently the centre of commerce for the entire vital area. Any economic weakness in any part of this community will naturally be of vital concern to the City. We would be willing to cooperate in any way possible to promote any source of action which will ensure that the coal-mining industry is not disrupted, due to temporary marketing conditions.

We also feel that the coal industry has a very vital role in the whole economic structure of the Province of Nova Scotia and the level of income which has been maintained in this area over the years has been a very well substantiated factor in the establishment of the financial structure of the Province as a whole. The Cape Breton market is the second largest in the Nova Scotia Province having over 500,000 people and the whole province of Nova Scotia is almost entirely dependent upon the coal and a large number of other sections of the Atlantic Provinces and Canada as a whole. The living standards from this, as the very heavy concentration of motor vehicles in the area, which has been a very great source of revenue for the Provincial Government in the form of gasoline taxes. Thus, from an area in which percentage, the Province maintains a comparatively small proportion of the population even with these vehicles exports for the major portion of the time.

It is true Mr. Chairman, that the main source of the coal industry have been presented to you in detail through the many reports which have been submitted to you during the hearings of this Commission. We do not wish to burden the witness record with reports of the industry nor the Commission and Commission members. We feel that this has been adequately covered by the reports and reports presented already with the industry. However, as we wish to point out the importance of the industry to the area.



not only of the mining towns themselves, but the whole Island of Cape Breton. Not only is the City of Sydney concerned with this industry, but also the County and areas throughout the Island because of the market which certain of their people find for forest products in this industry. Pit props have long been a dependable source of income for farmers in slack winter periods. As a matter of fact, Mr. Chairman, it is very difficult to point to any area of Cape Breton Island with its population in excess of 170,000 people and not find some part of the business activity which would be affected by serious disruption in this industry.

Many suggestions, we know, have been made which would result in solutions to the present problems in the coal industry and we hope that these will be investigated thoroughly and that many of them will be implemented. We are familiar with certain of the suggestions and endorse them and we would like to offer a few additional suggestions connected with its present position.

At the present time the Sydney Steel Plant is operating as a basic steel plant with very few finished products being produced here. One of the reasons given for the fact that finishing facilities are not set up in conjunction with the Sydney Steel Plant, is that shipping costs of finished products by rail make competition in the central Canadian market very difficult, if not impossible. This means, of course, that the production of the Sydney Steel Plant is not as high as it could be if these finishing facilities were operated here. Consequently, the consumption of coal by this industry for metallurgical as well as for power generating purposes is not nearly as high as it could be, nor have auxiliary industry established here in conjunction with it. The effect of these heavy freight charges on finished products is similar to the erection of a tariff wall between the Maritime Provinces and the central Canadian market. This is just as much a restriction of trade as the tariff wall which is operating between Canada and the United States. It means in effect, Mr. Chairman, that the steel industry and consequently the coal industry in this area are being prohibited by artificial economic factors from reaching the full potential possible in this industrial community. In addition, the central Canadian competitors of the local steel plant have had their development accelerated because of these same factors.

To develop this matter a bit further, Mr. Chairman, a great deal has been made of the supposed very great support given to the Maritime coal industry over the years. Comparatively speaking, this support is not as great as that given to other industries in Canada. Some people even have the audacity to suggest that this type of support should not be continued indefinitely as it supposedly indicates that the industry is not





able to stand on its own feet. These people would seem to suggest that all the other individual parts of this nation are made to pay for the transportation services which are extended to them according to their position in the nation. This is not the case, Mr. Chairman, and a study of the briefs presented to the Royal Commission on transportation will bear this out.

It may be argued, that railroads are common carriers in competition with other means of transportation. Nevertheless, Mr. Chairman, it must also be pointed out that of all the means of transportation which Canadians use, the railroads are the only ones which have to maintain their own operational routes. It is well known that the running road of the trucking industry is maintained to the largest extent by the contribution of the passenger vehicles and other short-run motor vehicles, as well as common contributions from the central funds of the Provincial and Federal Governments, our airfields are set up by the Federal Department of Transport, our shipping piers in a good many cases are set up in the larger installations at least, by Federal Government action, but in the case of our railroads, those centres which are farther away from central Canadian markets pay in proportion to the distance they are from these centres. It may be said that the Federal Government pays the Canadian National Railways deficits, true, but only after the long rail haul costs have first been paid by the mile, by the people using them with finished goods at premium rates. It is just the same, Mr. Chairman, as if provincially a person in one of the country districts had to pay a larger proportion towards highway maintenance than people in the City of Sydney because, population-wise, the road to his home did not contain as many people and he should pay his share of getting the road to his home. It is also similar, Mr. Chairman, to having to pay the actual cost of transporting a letter from Vancouver to Montreal, rather than having it sent at a cost which allows commerce to use the mails at a reasonable figure.

Sooner or later, we must face the fact that Canada as a nation is artificially and unrealistically constituted if it is to be treated sectionally rather than as a whole. No city eight times as long as it is wide could expect people to pay fares within its borders which would be based on the distance they live from the bus depot. The Canadian transportation scene is no different. The big central Canadian areas operate their transit systems on a system of equalized fares, but when it comes to nation-wide freight transportation where equalized freight rates would mean competition from the other sections of the country, they say that the Eastern and Western sections of the country should be treated according to the importance their parliamentary member-







ship bears to the rest of Canada, rather than as equal members in the nation of Canada.

In considering artificial methods used to build up Canadian industry, there is no question, Mr. Chairman, that Canada as a whole has built up the Ontario steel industry, by building the Ontario automotive industry. This was done by paying hundreds of dollars extra per unit for their motor vehicle transportation, due to the high tariff on these goods instituted to create, protect and expand the Ontario automotive industry, in the face of the American automotive industry. One has only to look at the immediate effect that a slump in this large automobile industry has on the economy of the whole area surrounding those centres where they are manufactured and also directly in all the various steel-making communities as well, to realize just what a big contribution the Canadian people have made to Ontario's prosperity through artificially inflated automobile prices to create their industry. Just as the tariff on automobiles has promoted this industry, so has the archaic national transportation policy attempted to push the Maritime steel industry into a very difficult competitive position. But, Mr. Chairman, as you and other people know only too well, the people of this area are a very determined type and with all the disadvantages that have been placed in the way of this steel plant over the years, the dogged determination, ingenuity and perseverance of the operating management group of this industry have not only kept it operating, but have expanded it and indeed in some cases taken business right out from under the noses of these spoonfed operations in central Canada.

These central Canadian giants are the same industries which could not exist without the very substantial tariffs which the Canadian people are forced to pay in order to support their economy and yet, any suggestion of a similar type of tariff on American coal to maintain another very vital Canadian industry, the coal industry, they consider to be not progressive thinking, and something which is not in the national interest.

Mr. Chairman, it may seem that this presentation has deviated from the coal industry for the moment, but we suggest to you, Mr. Chairman, that this coal situation is not a thing by itself; it is intertwined with the various things about which we have spoken, namely, the expansion of the steel industry, the setting up of other new industries in the area, the increase in consumption of coal for power purposes in other areas and the increase in transportation services required to move coal to other areas. All of these things are very adversely affected by the 18th-century thinking on transportation at the national level.







It took a good deal of dedicated work, persuasion and spirited arguing to bring the nations to the point where they realized that it was in the interests of the nation as a whole to transport mail at a standard rate of a few cents. I suggest to you, Mr. Chairman, that there can never be the demand for coal in this area or any other area of Canada on the scale in which this great energy producer should be used until such time as our transportation charge system is changed to one which operates in the interests of the nation of a whole, that is on an equalized bases similar to our mail rates. Then all sections of the country would have equal access to every other section and there wouldn't be any need for subventions. We could all trade freely according to the merit of our products.

We wish however, to suggest immediate action until the above suggestion is implemented. We believe we have clearly shown, Mr. Chairman, that the rest of Canada for years has subsidized the big Ontario industrial concerns through increased prices because of these tariffs. Not let us use this same tariff system to serve the same purpose for other parts of Canada. We recommend the placing of an additional tariff on every ton of American coal which is imported into Canada and the use of the proceeds of this tariff to pay temporary subventions on coal from this area in order to land it in the Ontario market at competitive prices. We sincerely hope these Ontario areas will be as magnanimous in this case as the rest of Canada has been for years in supporting them. We are not saying that this tariff system has not been in the national interest, but when the same means is proposed and used for the benefit of another industry, let us not hear a word from this area whose prosperity has for so long mainly being the result of assistance from the rest of the nation.

The impression always seems to be abroad, Mr. Chairman, whenever any suggestion comes from the Maritimes which is going to involve any payment of money by anyone that we are asking for special treatment. We believe, Mr. Chairman, that we have indicated that we are not asking for special treatment, but rather for equal treatment with the rest of Canada. We hope Mr. Chairman, it will be forthcoming in equally as easy a manner as the Prime Minister last week proposed \$41,000,000.00 in payments to the wheat industry.

The Cape Breton community has a long history going back over three hundred years. During that long period it has always responded to the utmost of its ability in support of our great nation, whether it was in the form of a high rate of enlistment during war periods, training its native sons to go into some of the top government,



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educational and business positions in the country, the use of its industries, mines and harbors as a vital part of our war effort in two world wars or whenever the call has been made, it has been answered fully and well. We are not a people to ask favours; on the contrary, those who have associated with our people through the years look on us as people who give favours. We ask nothing but fair and equal treatment. We hope, Mr. Chairman, that in the national interest it will be forthcoming.

THANK-YOU









